

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUCCHAR 03831 01 OF 02 191121Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 EB-11 CIEP-02 TRSE-00

STR-08 OMB-01 CEA-02 COME-00 FRB-02 XMB-07 OPIC-12

LAB-06 SIL-01 FTC-01 DRC-01 /210 W

----- 022951

R 191025Z OCT 73

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 6738

LIMITED OFFICIAL USE SECTION 1 OF 2 BUCHAREST 3831

E.O. 11652: N/A

TAGS: OVIP, OTRA, RO

SUBJ: VISIT OF DR. STEIN TO ROMANIA; GENERAL WRAP-UP

REFS: A) BUCHAREST 3770; B) BUCHAREST 3807 (LIMDIS); C) BUCHAREST
3796

1. SUMMARY:

DR. STEIN AND MURRAY FOSS COMPLETED FOUR DAY VISIT TO BUCHAREST WHICH INCLUDED A REMARKABLY WIDE RANGE OF PERSONAL INTERVIEWS, VISITS TO ECONOMIC ENTERPRISES, GROUP VISITS AND LECTURES. HIGHLIGHTS OF VISIT WERE MEETINGS WITH MANEA MANESCU, PRESIDENT OF STATE PLANNING COMMITTEE, AND PERSONAL CALL BY STEIN ON PRESIDENT CEAUSESCU (REF A). HIGH LEVEL ATTENTION BY GOR TO MANAGEMENT OF ALL ASPECTS OF VISIT MADE IT APPARENT THAT ROMANIANS ATTACHED CONSIDERABLE SIGNIFICANCE TO STEIN'S TRIP. IN OUR OWN ASSESSMENT WE FEEL THAT VISIT CONVEYED SENSE OF IMPORTANCE ATTACHED BY BOTH SIDES TO SUCH HIGH LEVEL EXCHANGES, AND THAT IT MAINTAINED MOMENTUM OF IMPROVEMENT IN BILATERAL ECONOMIC RELATIONS. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUCCHAR 03831 01 OF 02 191121Z

2. OPENING DAYS:

ROMANIAN DELEGATION FROM ECONOMIC MINISTRIES AND ORGANIZATIONS, HEADED BY MINISTER OF FINANCE FLOREA DUMITRESCU, MET STEIN AND FOSS ON ARRIVAL AND WHISKED THEM THROUGH AIRPORT AS IF FORMALITIES DIDN'T EXIST. AFTER SETTLING VISITORS IN PRIVATE VILLA RESERVED FOR MINISTER RANK GUESTS, ROMANIANS LAUNCHED INTO RPOGRAM WHICH TENDED TO BE GOOD MIX OF STRICTLY BUSINESS CALLS AND MORE RELAXING VISITS, BUT WHICH, NEVERTHELESS, WAS QUITE CLOSELY SCHEDULED. FIRST TWO DAYS WERE LIMITED TO LESS SUBSTANTIVE EVENTS AND WERE CHARACTERIZED BY COMBINATION OF DEFERENCE TO GUESTS' WISHES AND INSISTENT OFFERING OF GENEROUS AMOUNTS OF ROMANIAN HOSPITALITY. BOTH SIDES WERE SATISFIED WITH PLEASANT OPENING OF VISIT.

3. GASTON-MARIN - PRICES:

IN FIRST SUBSTANTIVE MEETING DR. STEIN MET CHAIRMAN OF STATE COMMITTEE FOR PRICES GASTON-MARIN. DISCUSSION CENTERED ON ROMANIAN INTERNAL PRICE POLICY WITH GASTON-MARIN EMPHASIZING WHAT HE DESCRIBED AS LESS RIGID NATURE OF PRICING SYSTEM NOW BEING EVOLVED IN WHICH, HE SAID, PRICES SHOULD REFLECT COSTS AND (POLITICAL) POLICY MORE ACCURATELY. HE SAID THAT MODERNIZATION OF PRICING SYSTEM NOW UNDERWAY WILL BE BASED ON QUOTE PLANNED EVOLUTION OF PRICES UNQUOTE. WHOLESALE PRICES IN INDUSTRY (BEGINNING WITH THE TEXTILE INDUSTRY) AND TRANSPORTATION ARE THE FIRST BEING CONSIDERED IN REEVALUATION OF SYSTEM. MAJOR PROBLEMS, ACCORDING TO GASTON-MARIN ARE A) TENDENCY FOR PRODUCERS TO RECOMMEND HIGH PRICES FOR NEW-TO-MARKET PRODUCTS, AND B) ORGANIZATION OF CONTROL SYSTEM TO EVALUATE, ADJUST AND MAINTAIN NEW PRICES. DURING ENSUING DISCUSSION, STEIN AND GASTON-MARIN WENT INTO THE RESPECTIVE SYSTEMS OF DEMAND MANAGEMENT, AND STEIN DESCRIBED PRESENT USG SYSTEM OF WAGE AND PRICE CONTROLS.

4. FOSS LECTURE:

IN EVENT ORGANIZED BY EMBASSY MURRAY FOSS SPOKE TO FULL HOUSE OF ABOUT 20-25 ROMANIAN OFFICIALS IN THE AMERICAN LIBRARY ON SUBJECTS OF CEA ORGANIZATIONS AND FUNCTIONS, ECONOMIC FORECASTING AND GOVERNMENTAL ECONOMIC POLICY DECISION-MAKING. LECTURE DREW CROSS SECTION OF OFFICIALS FROM ECONOMIC MINISTRIES, BANKS, EDUCATIONAL INSTITUTIONS, PLANNING COMMITTEE, AND ECONOMIC JOURNALS AND NEWSPAPERS. MEETING GENERATED CONSIDERABLE INTEREST, AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUCAR 03831 01 OF 02 191121Z

DISCUSSION PERIOD CONTINUED UNTIL Q AND A PERIOD HAD TO BE CONCLUDED SO FOSS COULD MAKE NEXT APPOINTMENT.

5. ION PATAN - FOREIGN TRADE:

AT SUGGESTION OF PATAN (VICE PRESIDENT, COUNCIL OF MINISTERS AND MINISTER FOREIGN TRADE), TALKS CONCENTRATED ON FOREIGN TRADE. PATAN OPENED WITH DESCRIPTION OF ROMANIAN FOREIGN TRADE SYSTEM EMPHASIZING A) DIVERSIFICATION IN ROMANIA'S TRADE

PATTERN, B) IMPORTANCE GOR PLACES ON NON-DISCRIMINATORY TREATMENT (INCLUDING Milder plug for MFN than we usually hear, reflecting some optimism toward outcome of present USG trade legislation process), and C) ROMANIAN DESIRE FOR MORE U.S. DIRECT CAPITAL INVESTMENT IN FORM OF JOINT VENTURES. STEIN REVIEWED USG POLICY AND INITIATIVES IN REDUCTION OF INTERNATIONAL TRADE BARRIERS, AND REITERATED PRESIDENT NIXON'S EXPRESSION OF FIRMNESS IN OBTAINING LEGISLATIVE AUTHORITY PERTAINING TO MFN.

6. CHARGE'S DINNER:

MANESCU, MINISTER FINANCE DUMITRESCU, DEP MINISTER FOREIGN TRADE STANCIU, V.P. CENTRAL COUNCIL OF WORKERS CONTROL ION, AND DEP DIRECTOR MFA MARIN ILIESCU ATTENDED CORDIAL AND RELAXED DINNER HOSTED BY CHARGE. HIGHLIGHT OF EVENING WAS MANESCU'S TOAST WHICH WOUND ITS WAY THROUGH LONG REVIEW OF US/ROMANIAN RELATIONS AND THEN CULMINATED IN RESOUNDING PLEDGE TO QUOTE EVERLASTING FRIENDSHIP BETWEEN THE PEOPLE OF ROMANIA AND OF THE UNITED STATES OF AMERICA UNQUOTE.

7. ACADEMY OF ECONOMIC STUDIES:

DR. STEIN SPOKE TO GROUP OF ABOUT 35 GOR OFFICIALS AND ECONOMISTS CONCENTRATING ON US INTERNAL ECONOMIC DEVELOPMENTS AND POLICIES BUT INCLUDING REMARKS ON INTERNATIONAL ECONOMIC DEVELOPMENTS. SHORT Q AND A PERIOD BROUGHT FORTH QUESTIONS ON THE EFFECT OF REDUCED MILITARY EXPENDITURES ON US ECONOMY, AND ON WORLD MONETARY SITUATION.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BUCAR 03831 02 OF 02 191317Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 EB-11 CIEP-02 TRSE-00

STR-08 OMB-01 CEA-02 COME-00 FRB-02 XMB-07 OPIC-12

LAB-06 SIL-01 DRC-01 /209 W

----- 024437

R 191025Z OCT 73

FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 6739

LIMITED OFFICIAL USE SECTION 2 OF 2 BUCHAREST 3831

8. PRESIDENT CEAUSESCU:
MEETING BETWEEN PRESIDENT CEAUSESCU AND DR. STEIN COVERED RANGE
OF INTERNATIONAL AND BILATERAL ECONOMIC ISSUES REPORTED FULLY
IN REF A.

9. FLOREA DUMITRESCU - FINANCE:
MEETING WITH MINISTER FINANCE DUMITRESCU WAS SHORT, CORDIAL AND
APPEARED TO BE UNEVENTFUL DISCUSSION OF ROMANIAN FINANCIAL
SYSTEM AND OF GOR ENCOURAGEMENT OF JOINT VENTURES UNTIL DR.
STEIN MADE MOVE TO LEAVE FOR NEXT APPOINTMENT. DUMITRESCU
THEN QUICKLY AND DELIBERATELY WENT INTO DISCUSSION OF INTER-
NATIONAL MONETARY SYSTEM. HE SAID THAT FOR ANY SYSTEM WHICH
MAY BE DEVELOPED TO BE AS STABLE AND VIABLE AS POSSIBLE ALL
COUNTRIES SHOULD PARTICIPATE IN ITS FORMATION AND FUNCTIONING.
HE MADE STRONG POINT THAT ELABORATION OF INTERNATIONAL MONETARY
SYSTEM SHOULD TAKE PLACE WITH PARTICIPATION OF THOSE COUNTRIES
WHICH DO NOT NOW BELONG TO INTERNATIONAL MONETARY FUND (IMF).
DR. STEIN AGREED THAT WE SHOULD CONSIDER THIS PROBLEM. HE
POINTED OUT THAT ALL COUNTRIES HAVE OPPORTUNITY TO JOIN IMF,
BUT THAT THOSE NOT BELONGING SHOULD BE ABLE TO MAKE SOME
ADAPTATION TO WORLD MONETARY SYSTEM. DUMITRESCU REPLIED THAT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUCAR 03831 02 OF 02 191317Z

SOME NON-IMF COUNTRIES HAVE PROPOSED SOLUTIONS AND HAVE MADE
SUGGESTIONS FOR PARTICIPATING IN FORMATION OF MONETARY SYSTEM
THROUGH OTHER INTERNATIONAL ORGANIZATIONS SUCH AS GATT AND
UNCTAD.

10. VASILE GLIGA - FOREIGN AFFAIRS:
THIS MEETING WAS CORDIAL BUT ROUTINE AND MARRED BY FACT THAT
GLIGA'S REMARKS WERE ESSENTIALLY A REPETITION OF WHAT DR. STEIN
HAD ALREADY HEARD ELSEWHERE: GOOD STATE OF BILATERAL RELATIONS,
DESIRE FOR MFN, ENCOURAGEMENT OF JOINT VENTURES.

11. MANEA MANESCU - PLANNING:
DR. STEIN'S TWO MEETINGS WITH MANEA MANESCU PROVED TO BE
MOST PRODUCTIVE IN TERMS OF DESCRIPTION OF GOR PLANNING FUNCTION,
EVALUATION OF CURRENT ROMANIAN ECONOMIC SITUATION AND GUIDELINES
FOR FUTURE LONG TERM DEVELOPMENT. DISCUSSIONS ENSUED BETWEEN
DR. STEIN AND MANESCU ON THE QUESTION OF SPECIALIZATION IN
ROMANIAN ECONOMY AND ON REDUCTION OF TRADE BARRIERS. IN
MANESCU'S ASSESSMENT OF PRESENT ECONOMIC SITUATION IN ROMANIA HEN
MADE POINT THAT RESULTS SO FAR IN THIS 5 YEAR PLAN (1971-75) HAVE
FULFILLED ALL CONDITIONS FOR COMPLETING PLAN AHEAD OF SCHEDULE

TO THE POINT WHERE PLAN PARAMETERS CAN BE INCREASED FOR 1974 AND 1975. HE GAVE PER CAPITA ANNUAL INCOME FIGURE TWICE, ONCE AT \$700, AND DURING LAST MEETING AT \$700 TO \$800 (COMPARED TO \$800 FIGURE ANNOUNCED BY CEAUSESCU IN SPEECH EARLIER THIS YEAR). HE DESCRIBED PRODUCTIVITY AS BEING 3 TO 4 TIMES LESS THAN IN US, AND AS MUCH AS 6 TO 7 TIMES LESS IN CERTAIN INDUSTRIAL SECTORS. IN REGARD TO LONG TERM PROJECTIONS MANESCU STATED THAT ROMANIA WOULD REACH LEVEL OF DEVELOPED COUNTRY IN 10 YEARS. HE QUALIFIED THIS AS MEANING ATTAINMENT OF LEVEL AT WHICH DEVELOPED COUNTRIES NOW STAND, AND ADDED THAT IN ANY CASE ROMANIA WOULD BE DEVELOPED COUNTRY IN 15 YEARS. FOR SHORT AND MEDIUM TERM FORECAST HE CLEARLY STATED GOR INTENTION, DURING REST OF THIS 5 YEAR PLAN AS WELL AS IN 1976-80 PLAN, TO MAINTAIN INVESTMENT RATE AT 33 PERCENT OF NATIONAL INCOME. AS EVIDENCE OF CONTINUED EMPHASIS ON INDUSTRIAL GROWTH (ESPECIALLY MACHINE BUILDING), MANESCU SAID GOR WOULD CONTINUE TO INVEST 50 PERCENT OF AVAILABLE INVESTMENT FUNDS IN INDUSTRIAL SECTOR.

12. DEPARTURE:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUCAR 03831 02 OF 02 191317Z

DR. STEIN AND MURRAY FOSS DEPARTED AS PLANNED FOR ZURICH AND LONDON, BYPASSING YUGOSLAVIA. HE WAS SEEN OFF AT AIRPORT BY CHARGE AND BY GOR DELEGATION HEADED BY GASTON-MARIN, AND INCLUDING ION ION, CONSTANTIN STANCIU, AND DEP MINISTER FINANCE VACAREL.

13. SEPARATE MESSAGES FOLLOW AS APPROPRIATE WITH DETAILS OF MORE IMPORTANT MEETINGS.
MARTENS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUCHAR03831
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731022/aaaaaqav.tel
Line Count: 258
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) BUCHAREST 3770; B) BUCHAREST 3807
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 25 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Sep-2001 by freemaal>; APPROVED <01-Nov-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT OF DR. STEIN TO ROMANIA: GENERAL WRAP-UP
TAGS: OVIP, OTRA, RO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005